

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:  
THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA  
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**REPLY OF PUERTO RICO SALES TAX FINANCING  
CORPORATION TO RESPONSES FILED TO SIXTEENTH  
OMNIBUS OBJECTION (NON-SUBSTANTIVE) TO DUPLICATE CLAIMS**

The Puerto Rico Sales Tax Financing Corporation (“COFINA”), by and through the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as COFINA’s representative pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>2</sup> files this reply (the “Reply”) in support of *Puerto Rico Sales Tax Financing Corporation’s Sixteenth Omnibus Objection (Non-Substantive) to Duplicate Bond Claims* (the “Sixteenth Omnibus Objection”), and in support of the Reply, respectfully represents as follows:

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA” and together with the Commonwealth, COFINA, HTA, and ERS, the “Debtors”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

<sup>2</sup> PROMESA is codified at 48 U.S.C. §§ 2101-2241.

1. On December 5, 2018, COFINA filed the *Puerto Rico Sales Tax Financing Corporation's Sixteenth Omnibus Objection (Non-Substantive) to Duplicate Bond Claims* [ECF No. 4420] (the "Sixteenth Omnibus Objection"), seeking to disallow in their entirety two hundred and forty-three (243) duplicate proofs of claim (the "Duplicate Claims"), as listed on Exhibit A thereto. As set forth in the Sixteenth Omnibus Objection, each of the Duplicate Claims asserted liability associated with one or more bonds issued prepetition by COFINA that were duplicative of a master proof of claim (each, a "Master Proof of Claim", and together, "Master Proofs of Claim"), which were filed in COFINA's Title III case by the Bank of New York Mellon ("BNYM"), as trustee of the prepetition bonds issued by COFINA. Pursuant to the Court-approved notice, any party who disputed the Sixteenth Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on February 1, 2019.

2. Four responses to the Sixteenth Omnibus Objection were interposed. The parties were able to resolve two of those responses. Two responses remain pending: a) the *Response to Puerto Rico Sales Tax Financing Corporation's Sixteenth Omnibus Objection to Duplicate Claims* (the "Vincenty Perez Response") [ECF No. 5032], filed by Reinaldo Vincenty Perez ("Vincenty Perez"); and b) *The Puerto Rico Funds' Response to Puerto Rico Sales Tax Financing Corporation's Sixteenth Omnibus Objection (Non-Substantive) to Duplicate Bond Claims*. [ECF No. 4631] (the "PRF Response"), filed by the Puerto Rico Funds (the "PRF").

### **I. The Vincenty Perez Response**

3. On February 1, 2019, Vincenty Perez filed the Vincenty Perez Response. Vincenty Perez filed his proofs of claims against COFINA on or about May 30, 2018, and they were logged by Prime Clerk as Proofs of Claim Nos. 44958, 44374, and 44834 (the "Vincenty

Perez Claims”). In the Vincenty Perez Response, Vincenty Perez stated that the master proof of claim “does not account[] for all [his] proofs of claims.” Specifically, Vincenty Perez alleges that CUSIP numbers 74529JNL5, 74529JGP4, and 74529JLD5 do not appear on a master proof of claim. Vincenty Perez Response at 2.

4. As set forth in the Sixteenth Omnibus Objection, however, each of these CUSIP numbers appears on a Master Proof of Claim filed by BNYM and logged by Prime Clerk as Proof of Claim No. 31920. Accordingly, the Vincenty Perez Claim does, in fact, assert liabilities associated with prepetition subordinate bonds issued by COFINA and is duplicative of a Master Proof of Claim. The Vincenty Perez Response does not refute COFINA’s showing that the Vincenty Perez Claim is duplicative.

## **II. The Puerto Rico Funds Response**

5. On January 4, 2019, the PRF filed the PRF Response, where they asserted that their claims “only serve to preserve the Puerto Rico Funds’ rights *until* the Plan becomes effective and the Puerto Rico Funds receive distributions as contemplated in the PSA and Plan.” PRF Response at 9.

6. As the Court is well aware, the *Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* (the “Plan”) [ECF No. 4652] was confirmed by the Court on February 4, 2019. *See Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5048]. On February 5, 2019, the Court issued an *Amended Order and Judgment Confirming the Third Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation* [ECF No. 5055] (the “Amended Order”). The Plan became effective on February 12, 2019, when the

conditions set forth in Section 25.1 of the Plan were satisfied. *See* Amended Order at 20. Distributions have been made to holders of Bond Claims pursuant to Article XIX of the Plan.<sup>3</sup> Consequently, each of the claimants, to the extent they are holders of a Bond claim and are listed on the records of the Depository Trust Company, have received distributions on account of their claims against COFINA. Accordingly, the PRF has received distributions pursuant to the Plan. Allowing the PRF's duplicate Bond Claim will result in the PRF potentially receiving an unwarranted double recovery against COFINA, to the detriment of other stakeholders in COFINA's Title III case. The PRF will not be prejudiced by the disallowance of its claim because the liabilities associated with its claim are subsumed into the master proofs of claim.

7. Accordingly, COFINA respectfully requests that the Court grant the Sixteenth Omnibus Objection as to the Duplicate Claims.

Dated: March 6, 2019  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Ricardo Burgos Vargas

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<sup>3</sup> Section 1.44 of the Plan defines a "Bond Claim" as a "Claim on account of a 'Senior' or 'First Subordinate' Existing Security issued by COFINA . . . ." *See* Plan at 6.

/s/ Martin J. Bienenstock

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**CERTIFICATE OF SERVICE**

I hereby certify that on March 6, 2019, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification to all counsel of record, and all CM/ECF participants in the case.

/s/ Ricardo Burgos Vargas

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